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STATE/OIR INTELLIGENCE VIEWS ON THE FEASIBILITY
OF A REVIEW OF THE CHINA LIST

There is only one logical way to devise a separate China list for presentation to COCOM. This method consists simply of selecting items from among those on COCOM IL III or commodities which are uncontrolled, the denial of which to China would impair the expansion of China's military or economic potential and either could not be frustrated by transshipment from the European Soviet bloc or could be frustrated only at great expense. Not many such items can be identified. The present CHINCOM list is not such a list and as NIE 100-55 points out is being frustrated, in respect of goods not controlled under COCOM IL I and II, by transshipment.

The only logical alternative to such a separate list is a common list for the entire Soviet bloc, including China. This could be either the present COCOM list or some other list representing a level of controls intermediate between the present COCOM lists and the present CHINCOM lists. For negotiating purposes, such a list would presumably have to be constructed by adding to the present COCOM lists (I and II) goods the denial of which would support the objectives of NSC 166/4 with respect to China but which COCOM members do not export in significant quantities to the European bloc.

Goods which are presently embargoed to the European Soviet bloc can be denied to Communist China by extending IL I to China. Goods which are under quantitative control to the European Soviet bloc can be

S-E-C-R-E-T

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S-E-C-R-E-T

denied to Communist China by extending IL II to China and retaining the present quotas. (In such cases Communist China's imports could be increased only at the expense of the rest of the bloc.) With separate lists List II commodities could be List I on the China list but the effect would be the same.

CIA/ORR has proposed two criteria for considering items for embargo to China. One is essentially the first criterion above, that of commodities the denial of which would impair China's economic or military capabilities and could not easily be frustrated by transshipment. This transshipment test is of course applicable only where there are two lists.

The other criterion proposed by CIA/ORR is that of goods in "short supply" in the Soviet bloc (including China). This criterion, in our view, is inapplicable, where there are separate control lists for China and the European Soviet bloc, to commodities which are either on IL III or otherwise freely available for importation to the European Soviet bloc. Only when the goods in "short supply" are to be on both the CHINCOM and the COCOM lists does this criterion become meaningful. There are many things in short supply in the bloc not by virtue of import controls but merely because of the decision of Soviet planners not to allocate domestic resources to produce them nor foreign exchange to import them. Placing such goods on either or both control lists would not accomplish any purpose.

- 2 -

S-E-C-R-E-T

S-E-C-R-E-T

The Office of Intelligence Research would be prepared to assist in the selection of commodities either for a revised and separate CHINCOM list or for a revised combination list in accordance with the general principles indicated above. Preliminary indications are that the number of commodities which would be selected under either procedure would be fairly small. Some illustrative possibilities are outlined in Appendix I.

The Office of Intelligence Research does not share the view expressed by CIA that the criteria ("attributes and standards") employed for a list review can impair the effectiveness of intelligence support. The effectiveness of intelligence support must be judged by the ability of intelligence to supply the data the policy-makers need to make a determination under the criteria they believe are relevant to policy objectives. These criteria, in effect, set forth certain questions to be answered, e.g. is the item "designed specially or used principally for the development, production or utilization of arms, ammunition, implements of war and atomic energy materials". (Attribute 3) If these questions are sensible and relevant questions from the point of view of US policy objectives intelligence should not complain if the data are not available to provide the answers, or if the application of the criteria to the data results in some commodities being uncontrolled. If the questions are nonsensical, of course, it is the duty of intelligence to point out that they cannot be answered because they are nonsensical. But this is not the case. Attribute 5, for example, requires a showing

- 3 -

S-E-C-R-E-T

S-E-C-R-E-T

that the Soviet bloc has an actual or potential deficiency in a commodity which adversely affects its military capabilities. This is an eminently sensible and relevant question. If on the basis of intelligence data a commodity cannot qualify for embargo under this attribute this does not mean that intelligence support is inadequate; on the contrary intelligence might show beyond any doubt that the commodity should not be embargoed, and thus discharge its mission quite effectively. If intelligence officers think the commodity should nevertheless be embargoed this amounts to putting forward different policy objectives, since the criteria presumably reflect policy objectives.

It is sometimes impossible to justify a proposed action under certain criteria when it would be quite easy under other criteria. An interesting example is copper. It is not possible logically to justify an embargo on primary copper under the present criteria not because we don't know enough about copper supply and uses in the USSR, but simply because copper does not meet either attribute 3 or attribute 5. This may suggest that additional criteria ought to be introduced but one could hardly argue in this case that intelligence support has been ineffective.

Under the old task group procedures intelligence data were often twisted to support preconceived positions. Because of their unfamiliarity with the limitations of intelligence, many people concerned with East-West trade problems were prone to accept almost any kind of intelligence data as sufficient justification for restrictive action, whether or not

- 4 -
S-E-C-R-E-T

S-E-C-R-E-T

the data were adequate. We have progressed somewhat beyond this stage; we should not now permit criteria to be selected so that intelligence can easily support preconceived positions. All this argues for the desirability of advance discussions between intelligence and policy officers so that criteria are selected which are designed to support policy objectives and call for intelligence information of the kind, and in the form, that the intelligence community can provide.

- 5 -

S-E-C-R-E-T

S-E-C-R-E-T

Appendix I

1. Items not controlled to the bloc, denial of which would impair the expansion of China's military or economic potential and either could not be frustrated by transshipment from European Soviet bloc or could be frustrated only at great expense.

The CIA suggestion that controls be placed on commodity categories rather than individual commodities may have some merit in constructing a revised control list for China under this criterion. For example, it might be that controls on shipment of "electric power and generating equipment" to China could be frustrated only at great expense, inasmuch as much of this equipment is costly to ship. This category may have to be examined in light of the types and quantities which China would require or be able to use at any one time. After a very general look at the "metals, minerals and manufactures" category, it appears that the significant items are now on IL I and II and that the remainder are produced in adequate quantity in the bloc and are easily transportable. However, it would be necessary to examine these commodity groupings and the others suggested by CIA to see if each or some part of each category meets the criterion for control.

S-E-C-R-E-T

S-E-C-R-E-T

2. Items the denial of which would support the objectives of NSC 166/4 with respect to China but which COCOM members do not export in significant quantities to the European bloc.

A detailed review of items previously controlled to the European Soviet bloc and/or to China would be required to select those which COCOM members do not export in significant quantities to the European bloc. However, a general check of trade in some of the former IL II and IL III items indicates that none of the following were licensed or exported in 1952 or 1st half of 1953:

- 2301 Furnace equipment: pressure-top equipment
- 2326 Off-the-road trucks, wagons, trailers of over 10 cu. yd. (7.6 cu m) struck capacity
- 2085 Contour band sawing and filing machines
- 3015 External grinders, 18" and over
- 3066 Twist drills, high speed
- 3105 Evaporators, multiple effect
- 3471 Freight cars, n.e.s over 10 tons
- 3680 Asbestos, specified grades

In addition to the above and other items which were not exported, there are a substantial number of items (including some still on IL II) which were shipped in small quantities, i.e. shipments were 50% or less of quotas.

S-E-C-R-E-T